

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:3811
ANSWERED ON:13.12.2000
LOAN ON LOWER RATES
RAM SHAKAL

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES be pleased to state:

- (a) whether any scheme is being implemented to provide loans on lower rates of interest to the units engaged in Agro and Rural Industries;
- (b) if so, the details thereof; and
- (c) if not, the steps being taken by the Government to make such units competitive?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRO RURAL INDUSTRIES (SMT. VASUNDHARA RAJE)

(a) to (c): An Interest Subsidy Eligibility Certificate Scheme (ISEC) was launched by the Khadi and Village Industries Commission (KVIC) in 1977 for financing the agencies involved under Khadi and Village Industries programme from banks at concessional rate of interest. Under this scheme, the KVIC makes an assessment of funds requirement by its implementing agencies and issues ISEC in favour of them to the extent of funds agreed to by the KVIC.

The implementing agencies pay interest at a rate of 4% whereas the difference between 4% and the actual rate of interest charged by banks is subsidised by the KVIC in the form of interest subsidy. However, with effect from 1.4.1995 this scheme (ISEC) is continuing for Khadi institutions only and for village industries a new scheme i.e., the Margin Money Scheme wherein one time capital subsidy is given in lieu of interest subsidy, has been launched. Under this scheme margin money at 25% of the project cost upto Rs. 10 lakhs and an additional 10% from Rs. 10 lakhs to Rs. 25 lakhs of the project cost is provided by the KVIC.